

Contract No. 100-78972

CHEM-NUCLEAR SYSTEMS, INC.
SERVICE AND EQUIPMENT CONTRACT

This CONTRACT is made this 15th day of September, 1986, by and between Chem-Nuclear Service and Equipment Systems, Inc. ("CNSI") a Washington corporation having its principal place of business at 220 Stoneridge Drive, Columbia, South Carolina 29210, for itself and on behalf of its wholly owned subsidiaries, and Union Carbide Corporation, a New York corporation having its principal place of business at 39 Old Ridgebury Road, Danbury, CT 06817-0001, and all of its wholly owned subsidiaries ("Company"), CNSI and Company hereinafter known as the "Parties".

BACKGROUND

CNSI is engaged in the business of providing a variety of Services and Equipment for radioactive waste management and nuclear facility support. Company, in anticipation of its needs for these Services and Equipment, wishes to enter into this Contract with CNSI to establish the terms and conditions by which CNSI and Company will be obligated with respect to each other when the Equipment and Services are requested and by which CNSI may quickly commence performance. Therefore, in consideration of their mutual promises, the Parties agree as follows:

GENERAL TERMS AND CONDITIONS

Section 1. Definitions

- 1.1 Unless defined here or elsewhere in this Contract, terms used will have the customary meanings used by the nuclear industry.
- 1.2 Waste: Waste means substances conforming in isotopic composition to the criteria for disposal at a licensed low-level radioactive waste burial site and intended for disposal.
- 1.3 Radioactive Material: Radioactive Material means material that is radioactive or contaminated but is not waste.
- 1.4 Services: Services means the work to be done by CNSI as described in the Sections entitled Responsibilities in the Exhibits to these General Terms and Conditions.
- 1.5 Equipment: Equipment means the tools, supplies, and capital equipment used by CNSI or provided to Company in the performance of the Services.
- 1.6 Proprietary Information: Proprietary Information means information that is marked or otherwise claimed in writing as proprietary or confidential by the disclosing Party.

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- 1.7 Contract Exhibit: Contract Exhibit means the instruments executed by the Parties during the term of this Contract, each such instrument having as its subject any aspect of Services and/or Equipment.

Section 2. Exhibits

2.1 It is contemplated that Company will from time to time during the term of this Contract solicit proposals from CSI with respect to providing Services and/or Equipment. If the proposals are acceptable to the Parties, they will enter into separate agreements by completing a Contract Exhibit (or "Exhibit"), similar to the copy which is attached hereto in blank, setting forth responsibilities, specific terms and conditions, and pricing. Upon signature of such Contract Exhibit by an authorized representative of Company and CSI, said Exhibit shall become a part of this Contract, and all such Exhibits together with the General Terms and Conditions set forth herein shall constitute the Contract. If a conflict exists between the provisions of these General Terms and Conditions and those in a Contract Exhibit, the General Terms and Conditions shall control.

2.2 If Company wishes to use its Purchase Order for billing Services and Equipment, that Purchase Order must state the following:

"Contract No. 100-78972 between CSI and Company governs this Purchase Order. This Purchase Order is for billing purposes only; any conflicting or additional terms and conditions that are contained herein are without effect unless expressly approved by CSI."

Section 3. Payment

3.1 Term of payment unless specified otherwise in a Contract Exhibit is: net amount due within thirty (30) days of receipt of invoice.

3.2 A service charge of 1 1/2% per month on any unpaid balance will be added to the net amount of each invoice not paid within thirty (30) days of receipt of such invoice.

3.3 Pricing in the Exhibits is based on the nature of the Service and may vary from Exhibit to Exhibit. Any changes to the Service may result in an adjustment from time to time in prices to Company based on such factors as delays, increased labor, increased materials, administrative expenses, additional permits, etc.

3.4 All equipment sold to Company in accordance with the provisions of any Contract Exhibit, and not for immediate use by CSI in conjunction with Services, is sold FOB Barnwell, South Carolina. Such equipment is subject to South Carolina sales or use taxes unless Company is exempt from such taxes and provides to CSI an exemption certificate to that effect.

Section 4. Confidentiality

- 4.1 The Parties must keep Proprietary Information in confidence and not disclose it to any third person unless such Proprietary Information:
- a) is or becomes part of the public domain;
 - b) was lawfully in the possession of the receiving party at the time it was acquired from the owning party; or
 - c) is required to be publicly disclosed under law.

This obligation shall survive the termination of this Contract or any Contract Exhibit.

- 4.2 This Contract and any Exhibits which become a part hereof are the Proprietary Information of both CNSI and Company.

Section 5. Termination

- 5.1 This Contract will continue in effect unless terminated in one of the ways specified below.
- 5.2 Either party may terminate this Contract on an anniversary of its effective date without termination charges by giving at least sixty (60) days written notice.
- 5.3 Either party may terminate this Contract or an Exhibit at any time for convenience by giving at least thirty (30) days written notice; provided, however, that neither CNSI nor Company may terminate this Contract while any Services or Equipment subject to a Contract Exhibit are in progress.
- 5.4 If a party breaches any term or condition of this Contract or an Exhibit and fails to cure such breach within thirty (30) days after receiving written notice of such breach, the nonbreaching party may terminate this Contract or Exhibit, respectively. Failure to terminate does not operate as a waiver of the nonbreaching party's right to terminate on subsequent breaches. Liability for breach of warranty is set forth in Section 6. In all cases other than Section 6 or Section 4, the breaching party's liability is limited to direct damages.
- 5.5 If circumstances arise beyond the reasonable control of either party which prevent the Services and Equipment of a Contract Exhibit from being provided or remove the need for such Services and Equipment, such as acts of government, embargos, strikes, or acts of God, the affected Contract Exhibit shall be terminated without liability to either party effective upon the occurrence of such circumstance. Written notice of such termination shall be given by the terminating party to the other party as soon as practical.

Section 6. Warranty

- 6.1 The following warranties apply generally to Services and Equipment, and are in addition to specific warranties, which may be stated in the Contract Exhibits.
- 6.2 CNSI warrants that it will perform Services provided under this Contract in a manner consistent with sound, prudent commercial nuclear industry practice, and in compliance with all applicable federal, state and local laws, rules, orders and regulations. Company also agrees to comply with all applicable laws, rules, orders and regulations necessary to the performance of its obligations under this Contract or Contract Exhibits. Services improperly performed will be re-performed at no additional charge if, in CNSI's opinion, reperformance would remedy improper performance. If proper performance in CNSI's opinion cannot be achieved, CNSI will refund 100% of payments made to it for the portion of the Service that was improperly performed.
- 6.3 CNSI warrants that Equipment provided under this Contract will be free from defects in material and workmanship and reasonably fit for the purposes for which intended for a period of ninety (90) days from delivery. CNSI will repair or replace at its option defective Equipment.
- 6.4 Company's remedies for breach of warranty are strictly, exclusively and expressly limited to those stated in subsections 6.2 and 6.3 above and in the Contract Exhibits; THESE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. CNSI WILL NOT BE LIABLE TO COMPANY FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM PERFORMANCE OF OR NON-PERFORMANCE OF THIS CONTRACT OR THE RESULTS OF A NUCLEAR INCIDENT.

Section 7. Insurance

- 7.1 CNSI must maintain insurance of the following types and limits:
- a. Workman's Compensation - Statutory Limits.
 - b. Employers' Liability Coverage - At least \$500,000.
 - c. Comprehensive General Liability - At least \$1,000,000 combined single limit bodily injury and property damage.
 - d. Automobile Bodily Injury and Property Damage (covering CNSI's vehicles used in connection with Services and Equipment provided under this Contract) - At least \$1,000,000 per person/\$3,000,000 per occurrence bodily injury and property damage.
 - e. Nuclear Liability Insurance, Barnwell, S.C. Disposal Site (Facility Form) - At least \$3,000,000.
 - f. Nuclear Liability Insurance (Suppliers and Transporters Form) - At least \$3,000,000.

7.2 Company must maintain insurance of the following types and limits:

- a. Workman's Compensation - Statutory Limits
- b. Employers' Liability Coverage - At least \$500,000
- c. Comprehensive General Liability - At least \$1,000,000 combined bodily injury and property damage

Section 8. Miscellaneous

- 8.1 This Contract is to be governed by the laws of South Carolina.
- 8.2 The provisions of this Contract and any Contract Exhibits which become a part hereof express the entire agreement of the parties. Any prior or contemporaneous understanding, promise, warranty, or condition has no effect.
- 8.3 If a provision of this Contract or an Exhibit is held to be invalid, either party may suspend performance in writing on the Contract or Exhibit, respectively, pending good faith renegotiation of the invalid provision. If neither party exercises such option for suspension of performance, the remainder of the Contract will continue in effect.
- 8.4 This Contract will inure to the benefit of and be binding on the Parties' successors and assigns.
- 8.5 CSI represents that it complies with Title VII of the Civil Rights Act of 1964, Section 503 of the Rehabilitation Act of 1973, Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, the amendments to these acts, Executive Order 11246, and the regulations issued thereunder.
- 8.6 Neither Party will assign any rights or obligations under this Contract or any Contract Exhibits without the express written consent of the other Party. Such consent, however, will not be unreasonably withheld.
- 8.7 No information relative to the services performed by CSI for Company shall be released by CSI for publication or advertising purposes without the prior written approval of Company.

Section 9. Safety and Security

CSI shall abide by, and shall cause its employees to abide by, all health, safety, environmental and security rules in force at such of Company's locations, where CSI provides services.

Section 10. Indemnifications

CSI shall defend, indemnify and save harmless Company, its employees and agents from and against any and all claims, suits, actions or proceedings, liabilities, losses, damages, fines, penalties and expense of every character

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whatsoever (including, but not limited to, attorney's fees, court costs, liability for pollution, environmental damage or restoration, nuisance, bodily injury, sickness and/or disease, including death, and loss of or damage to property), which arise out of, or are in connection with, CMSI's failure to comply with any of its obligations or representations set forth in this Contract, or the performance of the Services or supply of the Equipment, or the ineffective Material or Waste after its receipt by CMSI, and which are not caused solely by Company's failure to comply with any of its obligations or representations in the Contract and/or the negligence of Company and/or any of Company's employees or agents; provided, however, that if any such suits, actions or proceedings are threatened or commenced, Company shall promptly notify CMSI in writing.

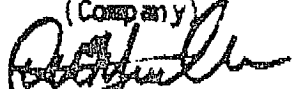
Company shall defend, indemnify and save harmless CMSI, its employees and agents from and against any and all claims, suits, actions, proceedings, liabilities, losses, damages, fines, penalties and expense of every character whatsoever (including, but not limited to, attorney's fees, court costs, liability for pollution, environmental damage or restoration, nuisance, bodily injury, sickness and/or disease, including death, and loss of or damage to property), which arise out of, or are in connection with, Company's failure to comply with any of its obligations or representations set forth in this Contract, and which are not caused solely by CMSI's failure to comply with any of its obligations or representations in the Contract and/or the negligence of CMSI and/or any of its employees, agents or subcontractors; provided, however, that if any such suits or proceedings are threatened or commenced, CMSI shall promptly notify Company in writing.

To show their agreement to the Terms and Conditions of the Contract, the Parties have authorized their representatives to sign their names below.

CHEM-NUCLEAR SYSTEMS, INC.
(CMSI)

By: _____
Title: _____
Date: _____

UNION CARBIDE CORPORATION
(Company)

By: 
Title: Purchasing Agent
Date: 9.15.86

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